

AUDIT REPORT

TOWN OF MOUNDS, OKLAHOMA

JUNE 30, 2022



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JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Mounds, Oklahoma

Report on the Audit of the Financial Statements

### *Opinions*

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mounds, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Mounds' basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Mounds as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Mounds and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mounds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mounds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the

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Town of Mounds' ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

## *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

## *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 2, 2023, on my consideration of the Town of Mounds' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and

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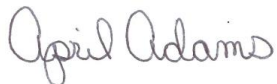
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the results of that testing, and not to provide an opinion on the effectiveness of Town of Mounds' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mounds' internal control over financial reporting and compliance.



April Adams CPA PLLC  
Ponca City, Oklahoma

June 2, 2023

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets:</u></b>			
Cash and cash equivalents	\$ 1,772,633	\$ 126,287	\$ 1,898,920
Investments	266,374	14,190	280,564
Accounts Receivable	2,605	18,164	20,769
Taxes Receivable	59,228	-	59,228
Prepaid Expenses	-	-	-
Insurance reserve	-	-	-
Internal Balances	(32,900)	38,629	5,729
<b>Total Current Assets</b>	<b>2,067,941</b>	<b>197,269</b>	<b>2,265,210</b>
<b><u>Non-Current Assets:</u></b>			
Insurance reserve	6,679	-	6,679
<b><u>Capital Assets</u></b>			
Land	71,479	20,200	91,679
Other capital assets, net of Accum. Depr.	1,086,251	617,514	1,703,766
<b>Total Non-Current Assets</b>	<b>1,164,409</b>	<b>637,714</b>	<b>1,802,124</b>
<b>TOTAL ASSETS</b>	<b>3,232,350</b>	<b>834,983</b>	<b>4,067,333</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities:</u></b>			
Accounts Payable	34,381	14,193	48,574
Utility deposits	-	8,870	8,870
Capital Lease payable - Current Portion	-	-	-
<b>Total Current Liabilities</b>	<b>34,381</b>	<b>23,063</b>	<b>57,444</b>
<b><u>Long-Term Liabilities:</u></b>			
Capital Lease Payable - Long-Term	-	-	-
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>34,381</b>	<b>23,063</b>	<b>57,444</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	1,157,730	637,714	1,795,445
<b><u>Restricted for:</u></b>			
Debt Service	-	-	-
Other Purposes	-	-	-
Unrestricted	2,040,239	174,206	2,214,445
<b>TOTAL NET POSITION</b>	<b>\$ 3,197,970</b>	<b>\$ 811,920</b>	<b>\$ 4,009,890</b>

The accompanying notes are an integral part of the basic financial statements.



**TOWN OF MOUNDS, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Current:					
General Government	\$ 165,995	\$ 16,613	\$ -	\$ 308,604	\$ 159,222
Public Safety	280,443	107,084	4,763	1,220	(167,376)
Street Department	68,006	-	-	-	(68,006)
Parks & Recreation	8,785	-	-	-	(8,785)
Culture & Education	34,677	-	5,856	-	(28,821)
Total Governmental Activities	557,906	123,697	10,619	309,824	(113,766)
Business-type activities:					
Sewer	151,906	92,022	-	-	(59,884)
Sanitation	87,390	116,596	-	-	29,206
Street & Alley	-	-	-	-	-
Parks & Recreations	-	-	-	-	-
Total Business-type Activities	239,296	208,618	-	-	(30,678)
Total	\$ 797,203	\$ 332,315	\$ 10,619	\$ 309,824	\$ (144,444)

**Changes in Net Position:**

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (113,766)	\$ (30,678)	\$ (144,444)
<b>General revenues:</b>			
Sales Tax	332,402	-	332,402
Use Tax	167,843	-	167,843
Franchise Tax	33,383	-	33,383
Cigarette Tax	2,631	-	2,631
Property Tax	-	-	-
Alcoholic Beverage Tax	9,945	-	9,945
Gasoline Taxes	1,718	-	1,718
Motor Vehicle Tax	7,823	-	7,823
Interest Income	2,823	132	2,956
Miscellaneous Revenues	23,675	9,266	32,941
Transfers - Internal Activity	(214,974)	214,974	-
Total general revenues & transfers	367,270	224,372	591,641
Changes in Net Position	253,503	193,694	447,197
Net Position - beginning	2,948,702	618,308	3,567,010
Net Position - prior year adjustment	(4,236)	(82)	(4,318)
Net Position - ending	\$ 3,197,970	\$ 811,920	\$ 4,009,890

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MOUNDS, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	Court Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,575,906	\$ 44,987	\$ 151,741	\$ 1,772,633
Investments	118,102	-	148,272	266,374
Taxes receivable	59,228	-	-	59,228
Accounts Receivable	492	175	1,938	2,605
Due from Other Funds	9,873	-	-	9,873
Prepaid expense	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,763,601</b>	<b>\$ 45,162</b>	<b>\$ 301,951</b>	<b>\$ 2,110,714</b>
<b>LIABILITIES &amp; FUND EQUITY</b>				
<b>LIABILITIES:</b>				
Due to Other Funds	\$ 39,171	\$ 1,269	\$ 2,333	\$ 42,773
Accounts Payable	25,050	9,428	(97)	34,381
<b>TOTAL LIABILITIES</b>	<b>64,221</b>	<b>10,696</b>	<b>2,236</b>	<b>77,154</b>
<b>FUND BALANCES:</b>				
Nonspendable	5,371	(10,521)	(298)	(5,448)
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	44,987	300,012	344,999
Unassigned	1,694,009	-	-	1,694,009
<b>TOTAL FUND BALANCES</b>	<b>1,699,380</b>	<b>34,465</b>	<b>299,715</b>	<b>2,033,560</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,763,601</b>	<b>\$ 45,162</b>	<b>\$ 301,951</b>	<b>\$ 2,110,714</b>

**Reconciliation to Statement of Net Position:**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$2,452,063, net of accumulated depreciation of \$1,294,332, are not financial resources and, therefore, are not reported in the funds. 1,157,730

Insurance reserve is long-term and not reported in the funds 6,679

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds. -

Net Position of Governmental Activities \$ 3,197,970

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Court Fund	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES:</u></b>				
Sales Tax	\$ 332,402	\$ -	\$ -	332,402
Use Tax	167,843	-	-	167,843
Franchise Tax	33,383	-	-	33,383
Cigarette Tax	2,631	-	-	2,631
Property Tax	-	-	-	-
Alcoholic Beverage Tax	9,945	-	-	9,945
Gasoline Taxes	1,718	-	-	1,718
Motor Vehicle Tax	7,823	-	-	7,823
Fire revenue	-	-	37,945	37,945
Cemetery	-	-	8,400	8,400
Licenses and permits	8,213	-	-	8,213
Fines and forfeitures	1,758	67,382	-	69,140
Grant Income	315,680	-	4,763	320,443
Donations	4,065	-	20	4,085
Miscellaneous Revenues	17,408	-	2,182	19,590
Interest	2,112	18	693	2,823
<b>TOTAL REVENUES</b>	<b>904,981</b>	<b>67,400</b>	<b>54,003</b>	<b>1,026,384</b>
<b><u>EXPENDITURES:</u></b>				
<b>Current:</b>				
General Government	238,785	-	-	238,785
Public Safety	177,691	25,433	48,106	251,230
Street Department	32,822	-	-	32,822
Parks & Recreation	7,983	-	-	7,983
Culture & Education	44,177	-	-	44,177
<b>TOTAL EXPENDITURES</b>	<b>501,459</b>	<b>25,433</b>	<b>48,106</b>	<b>574,998</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>403,522</b>	<b>41,967</b>	<b>5,897</b>	<b>451,386</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfers In	33,626	-	-	33,626
Operating Transfers Out	(214,974)	(33,626)	-	(248,600)
Capital Debt Proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(181,348)</b>	<b>(33,626)</b>	<b>-</b>	<b>(214,974)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>222,174</b>	<b>8,341</b>	<b>5,897</b>	<b>236,411</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,481,235</b>	<b>26,321</b>	<b>293,829</b>	<b>1,801,385</b>
<b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>	<b>(4,028)</b>	<b>(197)</b>	<b>(11)</b>	<b>(4,236)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,699,380</b>	<b>\$ 34,465</b>	<b>\$ 299,715</b>	<b>2,033,560</b>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Reconciliation to Statement of Activities:**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 236,411</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
<b>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</b>	
Capital debt obligation principal payments	-
<b>Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus the change in net position differs from the change in fund balance by the basis of the asset sold.</b>	
Basis of Asset Sold	-
<b>Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:</b>	
Capital Debt Proceeds	-
<b>Insurance reserve is long-term and not reported in the funds</b>	<b>1,032</b>
<b>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</b>	
Capital asset purchases capitalized	102,567
Depreciation expense	<u>(86,507)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 253,503</u></b>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MOUNDS, OKLAHOMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022**

	<u>Mounds Public Works Authority Enterprise Fund</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 126,287
Investments	14,190
Accounts Receivable	18,164
Due from other funds	39,135
Prepaid expense	-
Total Current Assets	<u>197,774</u>
Noncurrent Assets:	
Capital assets:	
Land	20,200
Other capital assets, net of accumulated depreciation	<u>617,514</u>
Total Noncurrent Assets	<u>637,714</u>
<b>TOTAL ASSETS</b>	<u>835,489</u>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>	
Current Liabilities:	
Accounts Payable	14,193
Utility deposits	8,870
Due to other funds	505
Notes Payable - Current Portion	-
Total Current Liabilities	<u>23,569</u>
Noncurrent Liabilities:	
Notes Payable - Long-Term Portion	-
Total Noncurrent Liabilities	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>23,569</u>
<b>NET POSITION:</b>	
Net investment in capital assets	637,714
Restricted for debt service	-
Unrestricted	174,206
<b>TOTAL NET POSITION</b>	<u><u>\$ 811,920</u></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Mounds Public Works Authority Enterprise Fund</u>
<b><u>OPERATING REVENUES:</u></b>	
Charges for services:	
Sewer	\$ 91,922
Sanitation	116,596
Parks and Recreation	-
Misc Income	100
<b>TOTAL OPERATING REVENUES</b>	<u>208,618</u>
<b><u>OPERATING EXPENSES:</u></b>	
Sewer	100,834
Sanitation	87,390
Street & Alley	-
Parks and Recreation	-
Depreciation	51,072
<b>TOTAL OPERATING EXPENSES</b>	<u>239,296</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>(30,678)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	132
Interest Expense	-
Insurance Proceeds	9,266
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>9,398</u>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<u>(21,280)</u>
Capital Contributions	-
Transfers in	214,974
Transfers out	-
<b>CHANGE IN NET POSITION</b>	<u>193,694</u>
<b>TOTAL NET POSITION - BEGINNING</b>	618,308
<b>TOTAL NET POSITION - PRIOR YEAR ADJUSTMENTS</b>	<u>(82)</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 811,920</u></u>

The accompanying notes are an integral part of the basic financial statements.

## EXHIBIT G

**TOWN OF MOUNDS, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Mounds Public Works Authority Enterprise Fund</u>
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Receipts from Customers	\$ 207,288
Payments to Suppliers & Employee for Goods & Services	(183,210)
Receipts of Customer Utility Deposits, Net of Refunds	380
Net Cash Provided (Used) by Operating Activities	<u>24,457</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>	
Transfers to other funds	(7,425)
Transfers from other funds	214,974
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>207,549</u>
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Capital Contributions	-
Additions to Capital Assets	(235,166)
Insurance Proceeds	9,266
Loan Proceeds received	-
Principal paid on Notes Payable	-
Interest paid	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(225,901)</u>
<b><u>Cash Flows from Investing Activities:</u></b>	
(Increase) in Investments	(64)
Interest Income	132
Net Cash Provided (Used) by Investing Activities	<u>69</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,174
Cash & Cash Equivalents, Beginning of Year	120,112
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 126,287</u></u>
<b><u>Reconciliation of operating income (loss) to net cash provided</u></b>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ (30,678)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	51,072
(Increase)Decrease in Accounts Receivable	(1,331)
(Increase)Decrease in Prepaid Expense	-
Increase(Decrease) in Accounts Payable	5,014
Increase(Decrease) in Due to Depositors	380
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 24,457</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Mounds, Oklahoma (the Town) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

The Town of Mounds, Oklahoma (Town) was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and provides the following services: general government, public safety (police and fire), public works, parks and recreation.

The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria Mounds Public Works Authority is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities of Mounds Public Works Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.



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Mounds Public Works Authority was created under the provisions of Title 60, Sections 176 to 180, Oklahoma Statutes. The Authority is managed by a Board of Trustees made up of members of the Town Board of Trustees. The Authority operates sanitation and sewer services for the Town of Mounds.

B. Measurement Focus, Basis of Accounting and Basis of Presentation  
- Fund Accounting

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - During the year, the Town segregates transactions related to certain Town functions or activities in

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separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues or expenditures of the corresponding element for all funds of that category and is at least 5% of the corresponding element total for all governmental and enterprise funds combined or is a fund that the government believes is important enough for financial statements users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds, if any, are reported by type.

Fund Accounting - The accounts of the Town of Mounds are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

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The following are the Town's major governmental funds:

General Fund:

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in a separate fund, are accounted for in the General Fund.

Special Revenue Funds:

These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Proprietary Funds - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are classified as enterprise funds.

Enterprise Funds:

The enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Town's only enterprise fund is the Mounds Public Works Authority.

C. Budgetary Accounting and Control

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with the County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

D. Cash and Investments

Cash includes amounts in demand deposits. The Town considers all cash on hand, demand deposits and highly liquid investments, with

TOWN OF MOUNDS, OKLAHOMA  
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an original maturity of three months or less when purchased, to be cash and cash equivalents.

The investments reported in the financial statements consist of Certificates of Deposit.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at yearend are reported as reservations of fund balances.

F. Accounts Receivable

The Authority has accounts receivable from its utility customers. There is no allowance for doubtful accounts as the Authority considers all accounts fully collectible.

The governmental funds have accrued taxes to be received in January and balances due for police fines.

G. Inventories and Prepaid Expenses

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records; however, the value of inventory on hand at June 30, 2022 is not considered to be material.

H. Capital Assets

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical costs and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining components units' financial statements. Donated assets are stated at fair value on the date donated. The Town maintains a capitalization threshold of

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\$2,500. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5-60 years
Improvements, other than buildings	2-50 years
Mobile equipment	3-40 years
Furniture, machinery and equipment	3-30 years
Utility system	5-50 years

I. Compensated Absences

Full-time, permanent employees are granted personal leave in varying amounts to specified maximums depending on tenure with the Town. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only matured absences payable to currently terminating employees and are included in wages and benefits payable.

J. Long-Term Obligations

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund (Mounds Public Works Authority).

K. Fund Equity

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

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2. Restricted—Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted—Net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

TOWN OF MOUNDS, OKLAHOMA  
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The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Court Fund	Fines and forfeitures Interest Income

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as a reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. All interfund transfers are reported as operating transfers. The interfund transactions have not been reconciled, but are considered immaterial.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF MOUNDS, OKLAHOMA  
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NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At June 30, 2022, the Town held deposits of approximately \$2,179,484 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).



TOWN OF MOUNDS, OKLAHOMA  
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The investments held at June 30, 2022 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments:				
Certificate of deposit	3.60	N/A	\$ 280,564	\$ 280,564
Total Investments			<u>\$ 280,564</u>	<u>\$ 280,564</u>

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in Certificates of deposit (\$280,564).

NOTE 3 - INSURANCE RESERVE

The insurance reserve relates to risk management activities. Town of Mounds, Oklahoma's risk management activities consist of purchasing policies from commercial insurance carriers. As part of its risk management activity, the Town has purchased workers' compensation insurance from Oklahoma Municipal Assurance Group (the Group). The premium paid for the workers' compensation insurance includes an amount which is placed in a loss fund for the Town of Mounds, Oklahoma. The balance of the premium is used for administration of the insurance and obtaining insurance coverage. The loss fund is an actuarially determined estimate of the Town's expected workers' compensation claims during the policy period. At June 30, 2022, the balance in the fund was \$6,679.

If the actual losses are less than the amount of the loss fund, the difference may be refunded to the Town or placed in an escrow account for the Town of Mounds, Oklahoma. Refunds may begin as early as two years after the end of the plan year. The reinsurance purchased by the Group covers claims in excess of the loss fund. The Town of Mounds, Oklahoma is not obligated to pay any amount in excess of its annual premium. The amount in the escrow account at June 30, 2022 was \$3,314. This money may be refunded on written request. The Town has requested to use \$3,314 of the Escrow Credit to reduce the 2022-2023 premium for the Workers' Compensation renewal.

Renewal premiums to be billed the Town of Mounds, Oklahoma are limited to a maximum reduction of 10% from the prior year's billed premium. Any portion of the billed premium in excess of the amount required to fully fund the Town's actuarial premium is held by the Group in the Rate Stabilization Reserve (RSR) for the Town. RSR balances will be applied to offset any future billed premium increases in excess of 10%

TOWN OF MOUNDS, OKLAHOMA  
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over the prior year's billed premium. The Town of Mounds, Oklahoma is entitled to a refund of any RSR balance upon termination of their participation in the insurance. The Town of Mounds, Oklahoma had \$0 in the RSR as of June 30, 2022.

NOTE 4 - CAPITAL ASSETS

Primary Government capital asset activity for the year is as follows:

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
<i>Governmental Activities:</i>				
Non-depreciable assets:				
Land	\$ 62,977	\$ 8,502	\$ -	\$ 71,479
Total non-depreciable assets	<u>\$ 62,977</u>	<u>\$ 8,502</u>	<u>\$ -</u>	<u>\$ 71,479</u>
Depreciable assets:				
Buildings	653,538	61,740	-	715,278
Infrastructure & Improvements				
Other Than Buildings	838,463	-	-	838,463
Furniture, Machinery & Equipment	794,517	32,325	-	826,842
Total depreciable assets	<u>2,286,518</u>	<u>94,065</u>	<u>-</u>	<u>2,380,583</u>
Less: Accum. Depreciation for:				
Buildings	248,007	12,324	-	260,331
Infrastructure & Improvements				
Other Than Buildings	264,295	35,443	-	299,738
Furniture, Machinery & Equipment	695,523	38,740	-	734,263
Total accumulated depreciation	<u>1,207,825</u>	<u>86,507</u>	<u>-</u>	<u>1,294,332</u>
Total depreciable assets, net	1,078,693	7,558	-	1,086,251
Total Governmental Activities				
Capital Assets, Net	<u>\$ 1,141,670</u>	<u>\$ 16,060</u>	<u>\$ -</u>	<u>\$ 1,157,730</u>

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
<i>Business-Type Activities:</i>				
Non-depreciable assets:				
Land	\$ 20,200	\$ -	\$ -	\$ 20,200
Construction in Progress	25,600	-	(25,600)	-
Total non-depreciable assets	<u>45,800</u>	<u>-</u>	<u>(25,600)</u>	<u>20,200</u>
Depreciable assets:				
Buildings	-	-	-	-
Infrastructure & Improvements				
Other Than Buildings	1,192,410	260,766	-	1,453,176
Furniture, Machinery & Equipment	64,474	-	-	64,474
Total depreciable assets	<u>1,256,884</u>	<u>260,766</u>	<u>-</u>	<u>1,517,650</u>
Less: Accum. Depreciation for:				
Buildings	-	-	-	-
Infrastructure & Improvements				
Other Than Buildings	806,391	47,619	-	854,010
Furniture, Machinery & Equipment	42,673	3,454	-	46,126
Total accumulated depreciation	<u>849,064</u>	<u>51,072</u>	<u>-</u>	<u>900,136</u>
Total depreciable assets, net	407,820	209,694	-	617,514
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 453,620</u>	<u>\$ 209,694</u>	<u>\$ (25,600)</u>	<u>\$ 637,714</u>

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES:		BUSINESS-TYPE ACTIVITIES:	
General Government	\$ 11,309	Public Works	\$ 51,072
Public Safety	38,713		<u>\$ 51,072</u>
Parks and Recreation	802		
Street	35,183		
Culture and Education	500		
	<u>\$ 86,507</u>		

NOTE 5 - CHANGES IN LONG-TERM DEBT

GOVERNMENTAL FUND TYPES:

The Town currently does not have any governmental fund type long-term debt.

The following is a summary of capital lease obligations for the year ended June 30, 2022:

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
Capital Lease Payable	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -

A summary of future maturities of principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Total	\$ -	\$ -	\$ -

PROPRIETARY FUND TYPES:

The Mounds Public Works Authority currently does not have any governmental fund type long-term debt.

The following is a summary of capital lease obligations for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
Capital Lease Payable	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -

A summary of future maturities of principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Total	\$ -	\$ -	\$ -

NOTE 6 - COMPENSATED ABSENCES

The amount that should be reported for accrued compensated absences is not known but is not believed to be material.

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 7 - PENSION OBLIGATIONS

Oklahoma Firefighter's Pension and Retirement System

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) on behalf of its volunteer firefighters. The Town contributes \$60/year for each volunteer firefighter as set by Oklahoma Statutes; voluntary firefighters do not contribute to the Plan. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer, or municipality, contributory defined benefit pension plan. The authority to amend and establish benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report as well as actuarial assumptions and funding information may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System c/o Oklahoma State Firefighters Association, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

The required contribution from the Town for this plan was \$600, \$720 and \$780 for 2022, 2021 and 2020, respectively. The required contribution was fully contributed.

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The following is a summary of eligibility factors, contribution methods, and benefit provision:

Eligibility	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
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Employee contributions	5% of pay
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Employer contributions	5% of pay
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Service	
Credited Service	The last period of continuous employment with the employer excluding any periods before the effective date of the plan specified in the adoption agreement.

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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Vesting	Credited service plus transferred service from other OMRF employees.
Benefit Eligibility	5 or more years of vesting service.
Final Average Compensation	The average of the 5 highest consecutive annual salaries out of the last 10 years of service.
Accrued Benefit	Plan AA 2.65% of final average compensation multiplied by the number of years of credited service.
Normal Retirement Age	Age 65 with 5 or more years of vesting service.
Normal Retirement Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early Retirement Eligibility	Termination after age 55 with 5 or more years.
Benefit	The accrued benefit payable starting at normal retirement, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.
Disability Retirement Eligibility	Total and permanent disability after 5 or more years of service.
Benefit	The accrued benefit is payable upon disablement without reduction for early payment
Termination Before Retirement Age	
Before Vesting	Return of employee contributions with interest.

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
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After Vesting      The accrued benefit payable starting at age 65, or a reduced benefit payable at an early retirement age.

In-service Death

Before Vesting      Return of member contributions with interest.

After Vesting      50% of the accrued benefit is payable to the spouse (married participants only) until death or remarriage.

After Vesting      50% of the accrued benefit is payable for 60 months (other participants) certain.

Payment Options

Normal form      The normal form of payments of the accrued benefits is a monthly lifetime annuity with 5 years certain.

Optional forms      Disability retirement benefits are paid only under the normal form.

Other retirement benefits are available under actuarially equivalents optional forms:

- Joint and 50% survivor annuity
- Joint and 66-2/3rds last survivor annuity
- Joint and 100% survivor annuity

Cost of Living

Benefits in payment status are adjusted each July 1<sup>st</sup> based on the percentage change in the CPI. The maximum increase is 3% per year.

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NOTES TO FINANCIAL STATEMENTS  
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Contributions required by State Statute:

<u>Period Ending</u>	<u>Required Contributions</u>	<u>% Contributed</u>
6/30/22	\$12,637	100%
6/30/21	\$10,799	100%
6/30/20	\$11,090	100%

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 9 - CONTINGENT LIABILITIES

The Town is a defendant in legal actions arising from normal governmental activities. Most of these actions are covered by insurance. Although the outcome of these lawsuits is not presently determinable, management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

In the normal course of operations, the Town participates in various federal and state grant programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 10 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through June 2, 2023, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2022.



TOWN OF MOUNDS, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 1,481,235	\$ 1,481,235	\$ 1,481,235	\$ -
<b>Resources (Inflows):</b>				
Sales Tax	287,038	287,038	332,402	45,364
Use Tax	93,308	108,323	167,843	59,520
Franchise Tax	26,879	26,879	33,383	6,504
Cigarette Tax	2,744	2,744	2,631	(113)
Property Tax	-	-	-	-
Alcoholic Beverage Tax	10,037	10,037	9,945	(92)
Gasoline Taxes	2,216	2,216	1,718	(498)
Motor Vehicle Tax	8,680	8,680	7,823	(857)
Fire revenue	-	-	-	-
Cemetery	-	-	-	-
Licenses and permits	3,179	3,179	8,213	5,034
Fines and forfeitures	-	-	1,758	1,758
Grant Income	3,023	3,023	315,680	312,657
Donations	3,536	3,536	4,065	529
Miscellaneous Revenues	18,835	18,835	17,408	(1,427)
Interest	5,048	5,048	2,112	(2,936)
Transfers In	110,481	110,481	33,626	(76,855)
Amounts available for appropriation	2,056,239	2,071,254	2,419,842	348,588
<b>Charges to Appropriations (Outflows):</b>				
<b>Current:</b>				
General Government	144,664	159,679	238,785	(79,106)
Public Safety	174,824	174,824	177,691	(2,867)
Street Department	54,096	54,096	32,822	21,274
Parks & Recreation	7,840	7,840	7,983	(143)
Culture & Education	35,417	35,417	44,177	(8,760)
Transfers Out	76,855	76,855	214,974	(138,119)
Total Charges to Appropriations	493,696	508,711	716,433	(207,722)
Prior Year Adjustments to Fund Balance	-	-	(4,028)	(4,028)
Ending Budgetary Fund Balance	1,562,543	1,562,543	1,699,380	136,837

Unaudited

TOWN OF MOUNDS, OKLAHOMA  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2022

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with the County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council  
Town of Mounds, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mounds, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued my report thereon dated June 2, 2023. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Mounds, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mounds, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Mounds' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weakness may exist that have not been identified. I did identify certain deficiencies in internal control,

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described in the accompanying Schedule of Findings as Item 22-01 that I consider to be significant deficiencies.

## Compliance and Other Matters

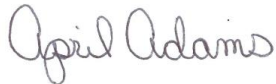
As part of obtaining reasonable assurance about whether the Town of Mounds' financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Town of Mounds' Response to Findings

The Town of Mounds' response to the findings identified in my audit is described in the accompanying Schedule of Findings. The Town of Mounds' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



April Adams CPA PLLC  
Ponca City, Oklahoma

June 2, 2023

TOWN OF MOUNDS, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2022

INTERNAL CONTROL FINDINGS:

Item 22-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the Town's major areas of internal control, that would be prevalent in a larger Town, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the Town.

Response: The Board continues to be actively involved in the operations of the Town.

## EXHIBIT I

TOWN OF MOUNDS, OKLAHOMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>SPECIAL REVENUE FUNDS</u>		Total
	Cemetery	Fire	Nonmajor
	Fund	Department	Governmental
		Fund	Funds
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 35,117	\$ 116,624	\$ 151,741
Investments	68,012	80,260	148,272
Taxes Receivable	-	-	-
Accounts Receivable	-	1,938	1,938
Due from Other Funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 103,128</b>	<b>\$ 198,822</b>	<b>\$ 301,951</b>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>			
<b><u>LIABILITIES:</u></b>			
Accounts Payable	\$ -	\$ (97)	\$ (97)
Due to Other Funds	-	2,333	2,333
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,236</b>	<b>2,236</b>
<b><u>FUND BALANCES:</u></b>			
Nonspendable	-	(298)	(298)
Restricted	-	-	-
Committed	-	-	-
Assigned	103,128	196,884	300,012
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>103,128</b>	<b>196,587</b>	<b>299,715</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 103,128</b>	<b>\$ 198,822</b>	<b>\$ 301,951</b>

The accompanying notes are an integral part of the basic financial statements.

## EXHIBIT J

**TOWN OF MOUNDS, OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>SPECIAL REVENUE FUNDS</u>		Total
	Cemetery	Fire	Nonmajor
	Fund	Department	Governmental
	Fund	Fund	Funds
<b><u>REVENUES:</u></b>			
Taxes	\$ -	\$ -	\$ -
Fire Revenue	-	37,945	37,945
Cemetery Sales	8,400	-	8,400
Fines and forfeitures	-	-	-
Grant Income	-	4,763	4,763
Donations	-	20	20
Miscellaneous Revenues	-	2,182	2,182
Interest	248	445	693
<b>TOTAL REVENUES</b>	<b>8,648</b>	<b>45,354</b>	<b>54,003</b>
<b><u>EXPENDITURES:</u></b>			
Current:			
General Government	-	-	-
Public Safety	-	48,106	48,106
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>48,106</b>	<b>48,106</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>8,648</b>	<b>(2,752)</b>	<b>5,897</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Capital Debt Proceeds	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>8,648</b>	<b>(2,752)</b>	<b>5,897</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>94,480</b>	<b>199,349</b>	<b>293,829</b>
<b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>	<b>-</b>	<b>(11)</b>	<b>(11)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 103,128</b>	<b>\$ 196,587</b>	<b>\$ 299,715</b>

The accompanying notes are an integral part of the basic financial statements.